

EXHIBIT 12



Linda S. Adams
Agency Secretary

California Regional Water Quality Control Board
North Coast Region
Bob Anderson, Chairman



Arnold
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May 19, 2008

Mr. Richard Mayfield
 500-C Pinoleville Drive
 Ukiah, CA 95482

Subject: Compliance with Cleanup and Abatement Order No. R1-2006-0036

File: Ukiah Auto Dismantler, WDID No. 1B23S017330

Dear Mr. Mayfield:

On March 18, 2008 our office inspected your property on Pinoleville Road for compliance with Cleanup and Abatement Order No. R1-2006-0036 (Order). At that meeting you asked whether the work performed to date met the terms of the Order and requested an assessment of any work remaining to be completed.

The property was originally included in Cleanup and Abatement Order No. R1-2006-0036 since Ukiah Auto Dismantlers was using the property to store automobiles and the car crusher. Finding 3 of the Order states:

"The scope of this Order with respect the Adjacent Property and Adjacent Property Owner (i.e., the Mayfield property) is limited to those historical, existing and future activities related to operations and usage of the Facility by the Dischargers."

Essentially the scope of the Order with respect to the property was limited to activities related to the Auto Dismantlers.

The Order required the Dischargers (Ukiah Auto Dismantlers and Warrior Industries) to cleanup and abate the discharge and threatened discharge and comply with:

1. Short term abatement actions to address the immediate problems.
2. Long term actions for operational and structural improvements to eliminate, contain or treat auto-related pollutants.
3. Submit a workplan for a limited soil and ground water investigation.

California Environmental Protection Agency

Recycled Paper

Mr. Mayfield

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May 19, 2008

Site improvements have included items beyond the original scope of the Order in order to address hydrocarbon-related issues at the site. We appreciate your efforts to date in this regard. At this time, it appears that all necessary operational and structural improvements to control potential future discharges of petroleum hydrocarbons have been made. We would, however, like to confirm our visual observations with water quality analysis of the storm water runoff.

As we discussed, please take water samples from the drainage ditch along Ackerman Creek as it discharges into the percolation pond at the boundary of your property. It is not necessary, nor desirable, to sample the runoff from Pinoleville Road. Please document the sampling event in terms:

- Name of sampler.
- Location of samples, with a map and pictures,
- How samples were obtained.
- Rainfall conditions, time since runoff began and flowrate is possible.
- Handling procedures. Samples, in lab-supplied bottles, should be placed in a cooler on ice and delivered to the lab under a chain of custody.
- Visual observations of the runoff quality, i.e., cloudy, turbid, oily sheen, etc.
- A chain of custody

Recommended analyses include Total Petroleum Hydrocarbons- Motor Oil, Total Petroleum Hydrocarbons- Diesel and Total and Dissolved Lead.

We recommend at least three separate storm be sampled. Please provide this information when available and we will evaluate your site with regards to compliance with the terms of the Order and the potential for removing Warrior Industries from the Order. Please be aware that we are making no determination at this time regarding ground water quality. If you have any questions please contact our office at (707) 576-2220.

Sincerely,


John Short
Senior Engineer

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cc: Mendocino County Environmental Health Department, 501 Low Gap Road, Ukiah, CA